

# Mill Levy Overrides 101

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# Objectives for Today's Presentation

- Introduction to Property Taxes
- Overview of statutory provisions concerning mill levy overrides (MLOs)
- Recent trends and distribution of additional mills (and overrides) among districts.

# Introduction to Property Tax – Assessed Value

- *Market Value* is determined by the County Assessor (every other year for real property and annually for other property classes).
- *Assessed Value* is the portion (percentage) of property value that is taxable – determined by the *Assessment Rate*.
- The *Assessment Rate* depends on the class of property
  - between 6.4 percent and 29 percent for most property (as adjusted in S.B. 21-293).

# Introduction to Property Tax – Assessed Value

$$\begin{array}{ccc} \text{Actual Values} & & \text{Assessed Value} \\ \begin{array}{c} \text{×} \end{array} & \begin{array}{c} \text{Assessment} \\ \text{Rate} \end{array} & \begin{array}{c} = \end{array} \\ \begin{array}{c} \text{House, Buildings, Oil Pumpjack} \end{array} & & \begin{array}{c} \text{House, Buildings, Oil Pumpjack} \end{array} \end{array}$$

- *Assessed Value Per Pupil* measures a district's property tax base on a per pupil basis – and determines how much a given mill levy will generate per pupil.

# Introduction to Property Tax – Mill Levies

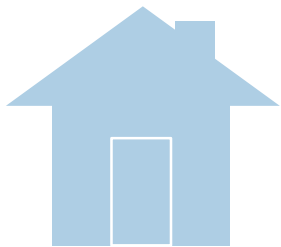
The *Mill Levy* is the tax *rate*.

- A mill is equal to 1 / 1000, so each mill generates one dollar per \$1,000 of assessed value.

$$\begin{array}{ccccc} \text{Assessed Value} & & \text{Mills} & & \text{Property Taxes} \\ \text{X} & & \text{=} & & \\ \begin{array}{c} \text{House} \\ \text{City} \\ \text{Oil Pumpjack} \end{array} & & \begin{array}{c} \text{Yellow Diamond Sign} \\ \text{SCHOOL} \end{array} & & \text{\$ \$ \$} \end{array}$$

# Introduction to Property Tax – Example

\$100k Market  
Value



x

6.95%  
Assessment  
Rate

=

\$6,950 Assessed  
Value



\$6,950 Assessed  
Value



x

1.0 Mill  
(0.001)

=

\$6.95 per mill in  
property taxes

(Non-residential would pay \$29.00 per mill at 29% Assessment Rate)

# School District Taxing Authority

- School districts are political subdivisions of the state
- The control of schools and school property is in the state, to be exercised as it may see fit, subject to the requirements and restrictions contained in the constitution
- The legislature has plenary powers to determine the number, nature and powers of school districts and their territory, and may modify or withdraw those powers as it sees fit

# School District Taxing Authority

- Authority to tax lies within the plenary authority of the General Assembly:
    - “...the imposition of a tax is legislative act, and unless authority is so given, it does not exist;”
    - “Executive and ministerial officers enforce the tax laws, but in so doing they must keep strictly within the authority those laws confer. They neither have, nor can have, any ‘roving commission to levy and collect taxes from the people without authority of law, but can only do so in the manner prescribed by the law.’”
- Carlisle v. Pullman Palace Car Co., 8 Colo. 320, 327, 331 (Colo. 1885)



# School District Mill Levy Authorization

- Bonded Indebtedness
  - Greater of 20% to 25% of assessed value or 6% actual value
- Capital Improvements in Growth Districts
  - 1-5 mills based on per pupil assessed valuation
- Levies for the school district special building and technology fund
  - Up to 10 mills/year for 3 years
- Levies for capital construction for charter schools

# School District Mill Levy Authorization

- Excess Transportation Costs
- Abatement Mill Levies
- Public rec and playgrounds; public libraries

# School District Mill Levy Authorization

- Full-day Kindergarten Excess Costs Levy
  - Revenue to cover the excess cost of full-day kindergarten program when state only funded students for half day
- “Debt-free Schools Levy”
  - Revenue to provide ongoing cash funding for capital construction, new technology, existing technology upgrade, and maintenance needs
- Charter School Operating Revenue

# School District Mill Levy Authorization

## Additional Local Revenue

- Capped at lesser of 25% of Total Program (or 30% for small rural school districts) plus an amount equal to the revenue district could have generated in 2001-02 if district submitted and received approval for the supplemental cost of living mill levy
- or
- \$200,000

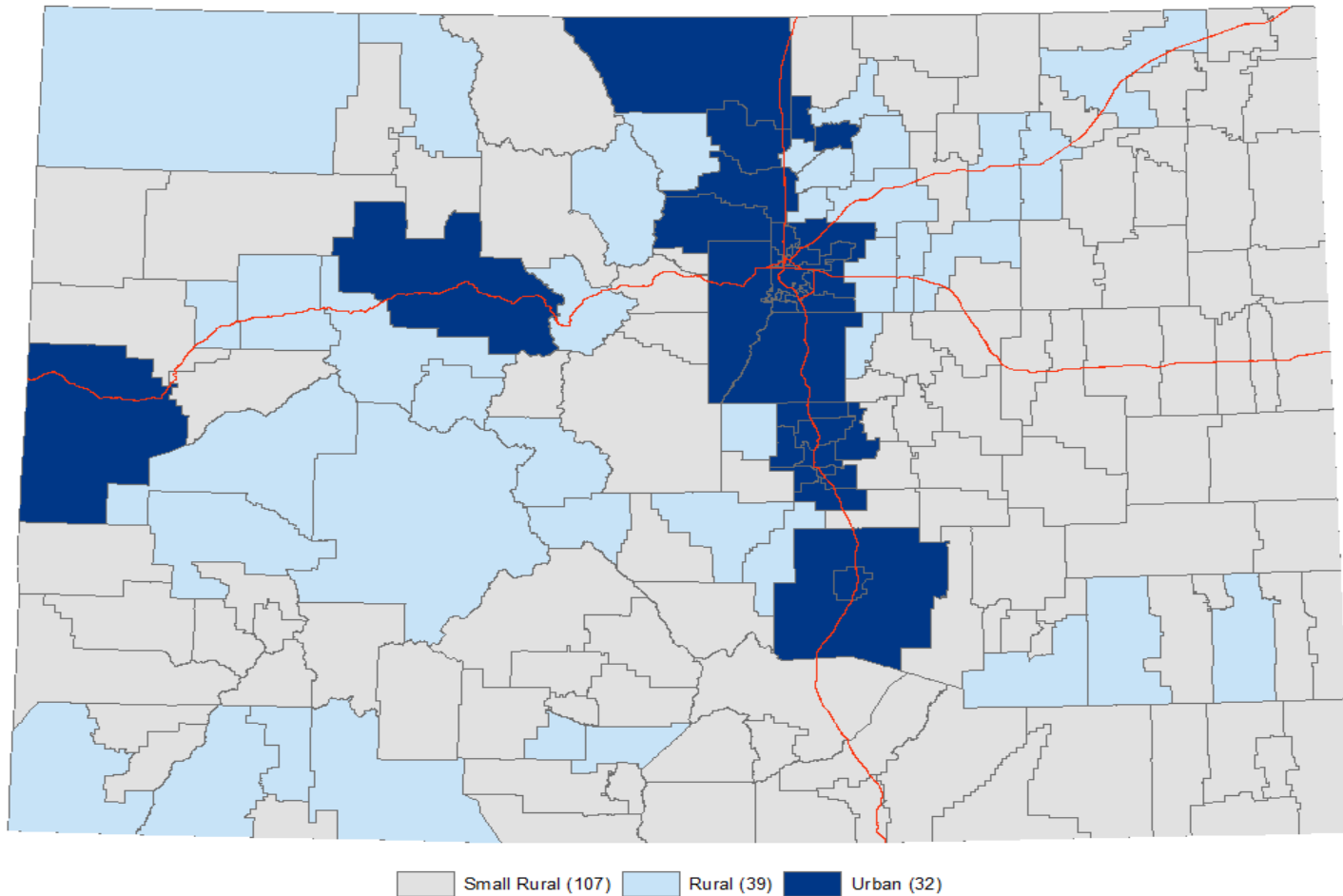
# Rural Education Council District Designation

## Characteristics of Urban/Rural Districts

- **Urban Districts (32)**
  - Enrollment > 6,500
- **Rural Districts (39)\***
  - Enrollment less than or equal to 6,500
- **Small Rural Districts (107)\***
  - Enrollment less than or equal to 1,000
- Definition if Rural/Small Rural also considers distance from urbanized areas/clusters defined by NCES

*\* In 2020, Ellicot, Lake, and North Conejos were designated as small rural.*

# School District Designation, FY 2020-21



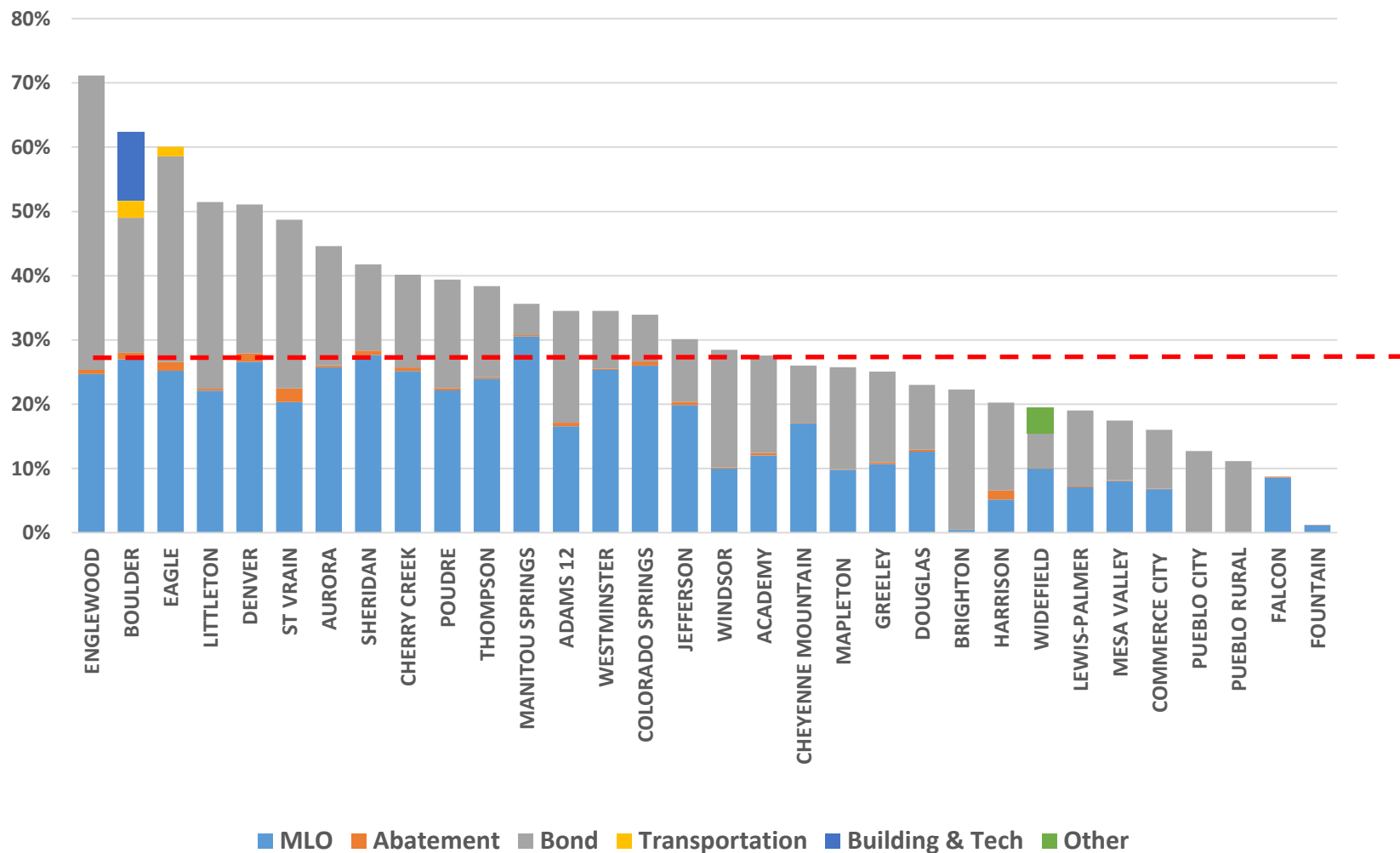
Source: Legislative Council Staff and Joint Budget Committee Staff

# **Analyses To Be Presented Using District Categories**

- **Types of additional mills, including overrides**
- **Average override revenue per pupil, over time**
- **Maximum & actual override mills**
- **Override revenue & BSF reduction**

# Revenue as Percent Tot Program Before BSF

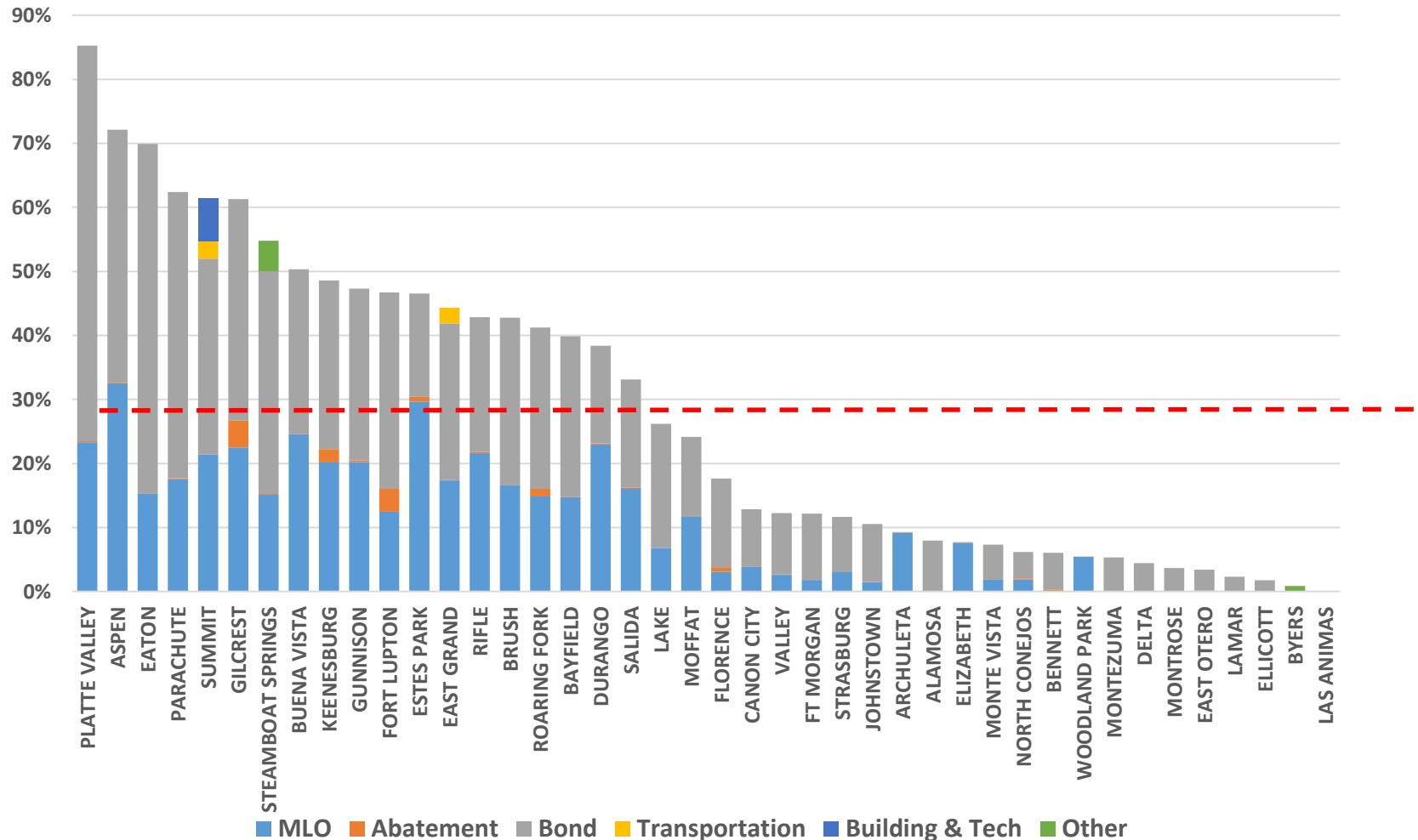
Urban Districts, by Type of Additional Mill, FY 2019-20





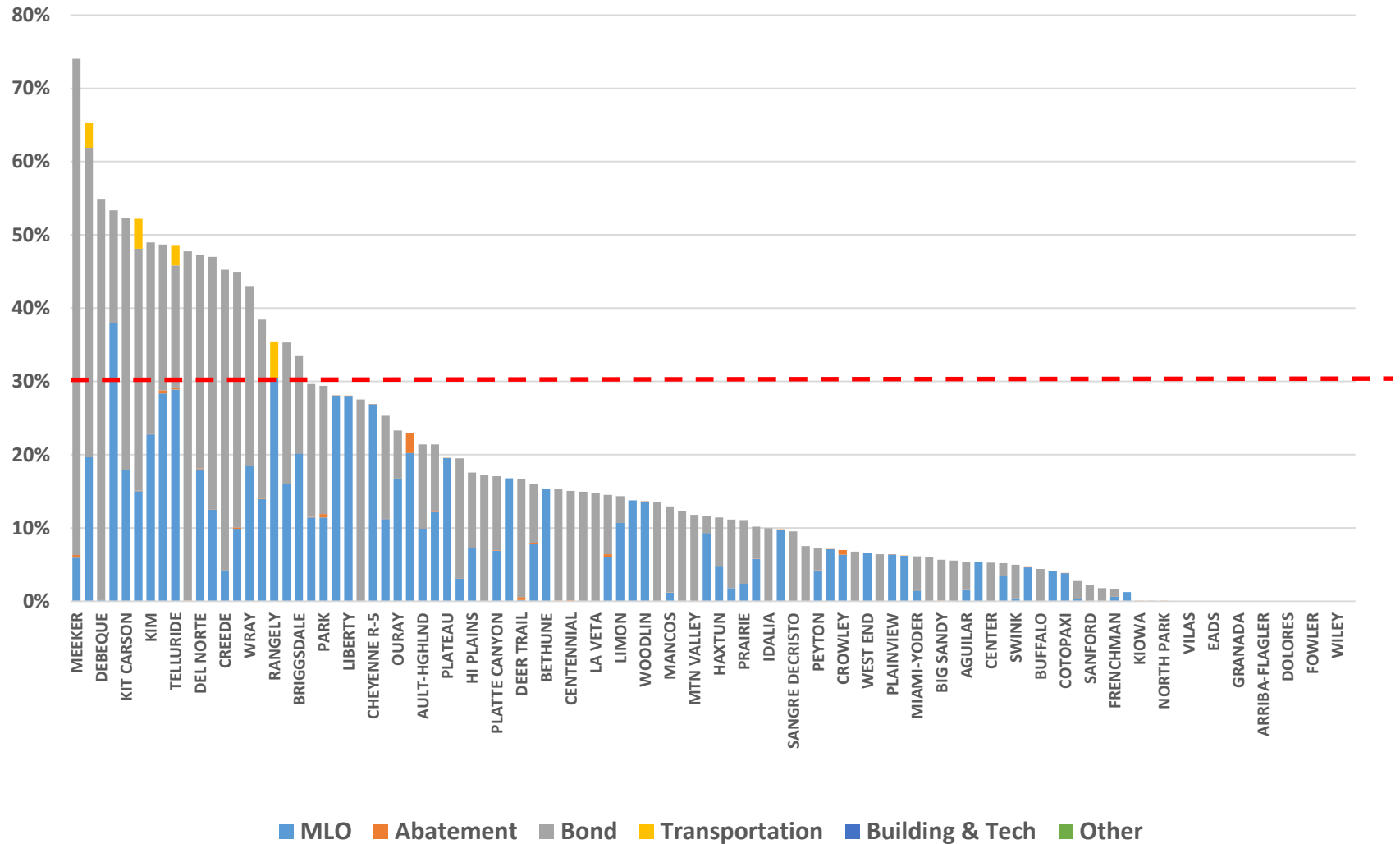
# Revenue as Percent Tot Program Before BSF

Rural Districts, by Type of Additional Mill, FY 2019-20

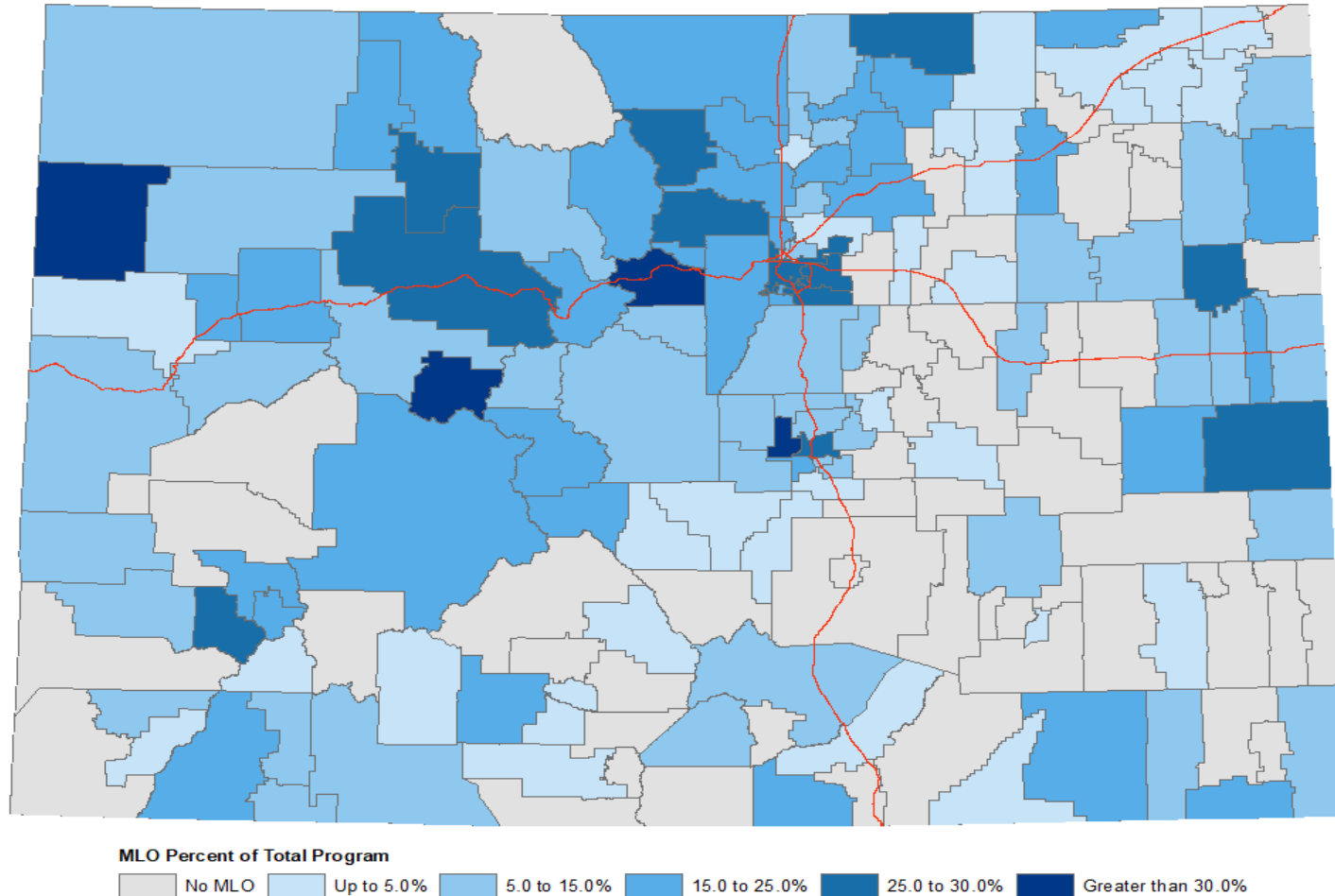


# Revenue as Percent Tot Program Before BSF

Small Rural Districts, by Type of Additional Mill, FY 2019-20



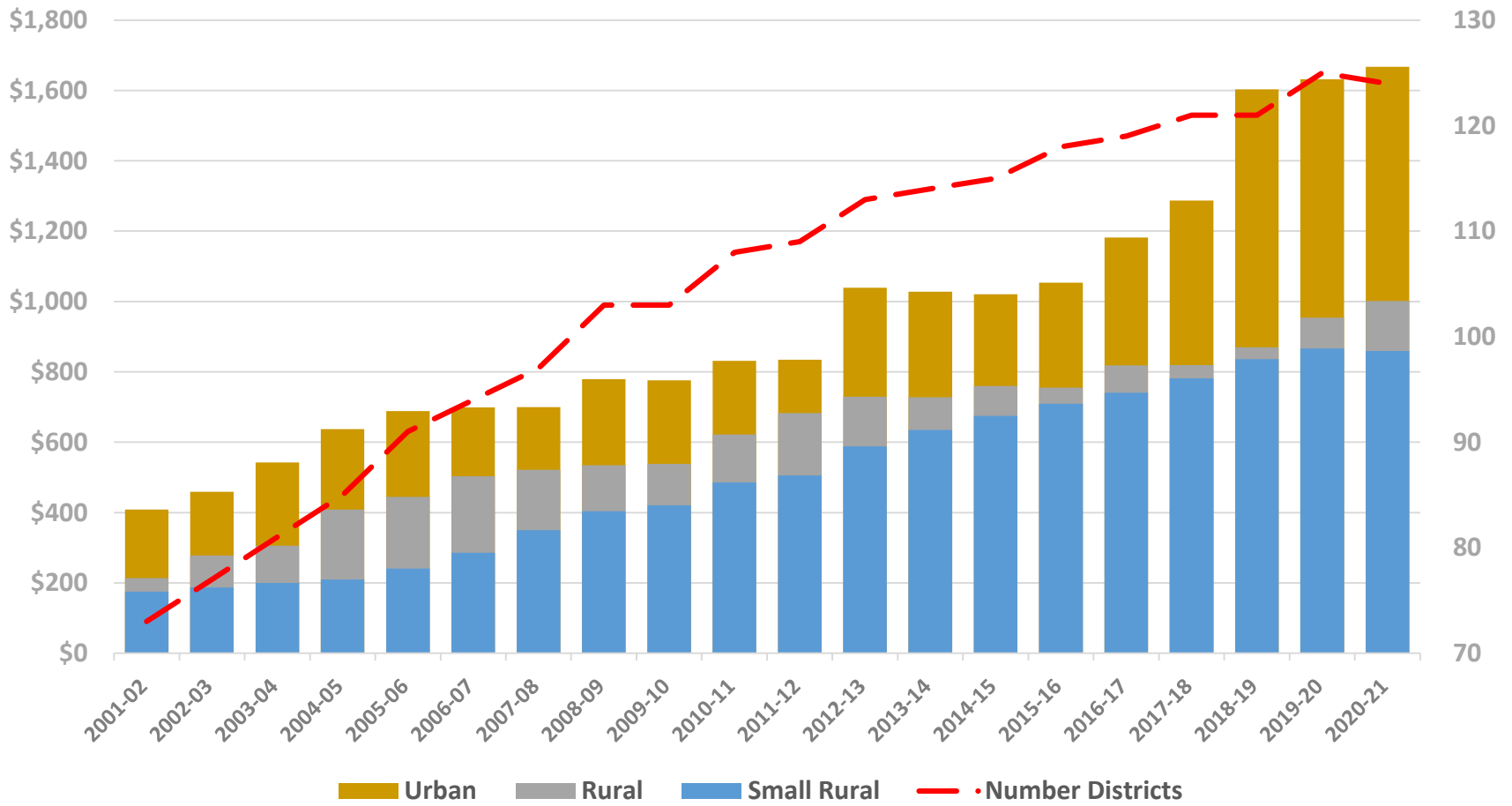
# Override Revenue as Percent of Total Program Before the Budget Stabilization Factor



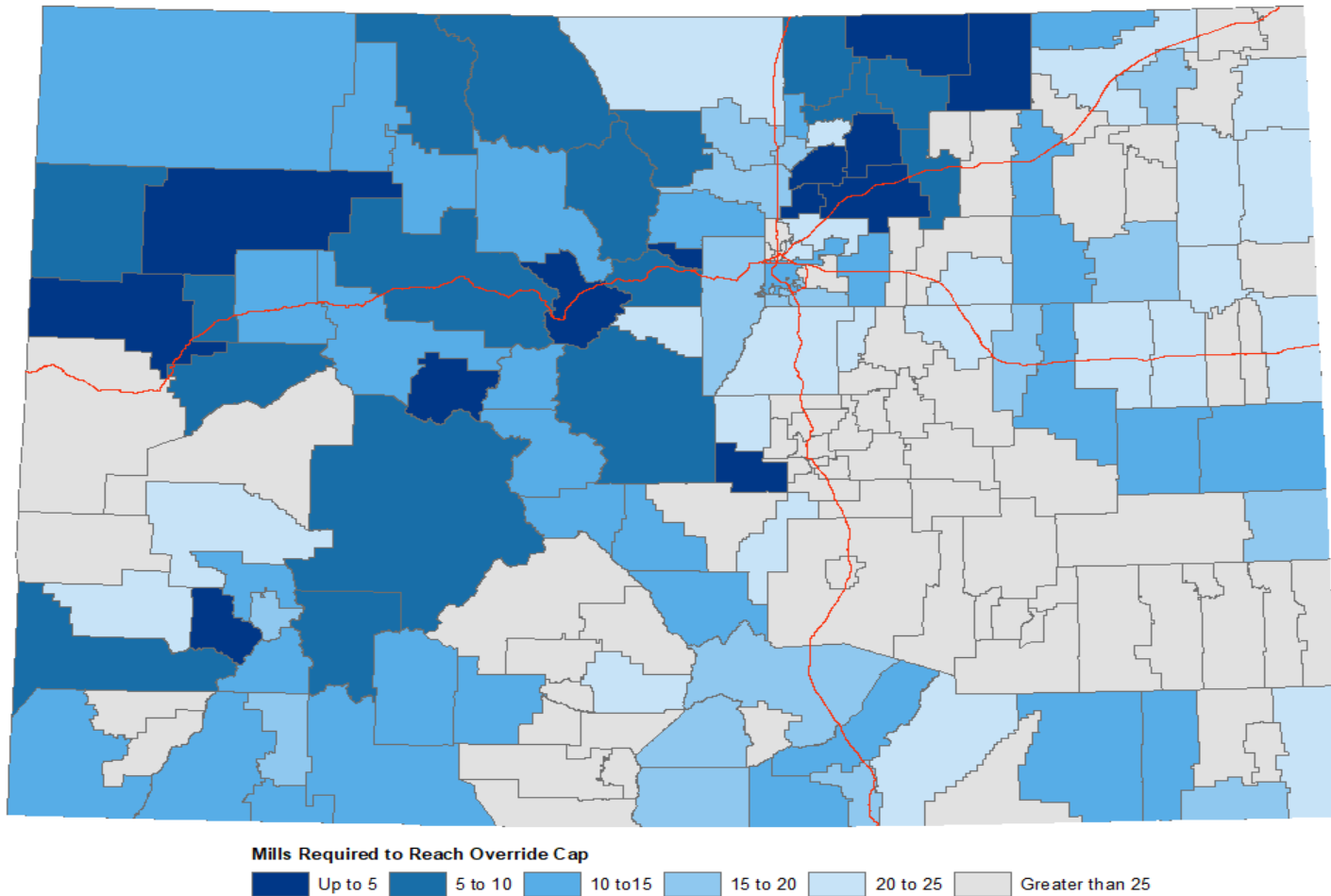
Source: Legislative Council Staff and Joint Budget Committee Staff

# Override Revenue Per Pupil

by District Designation, 2001-02 through 2020-21



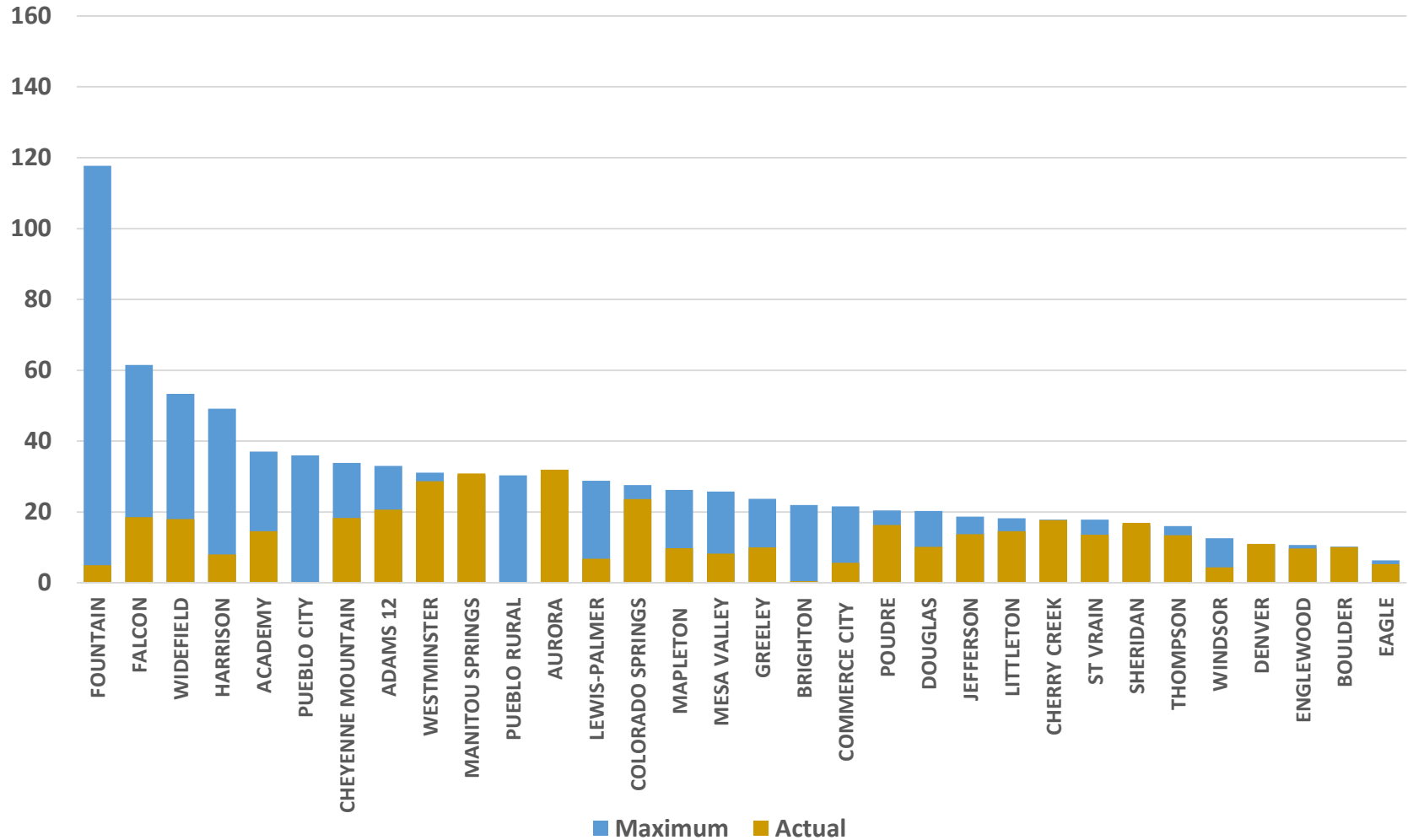
# Override Mills to Reach Maximum



Source: Legislative Council Staff and Joint Budget Committee Staff

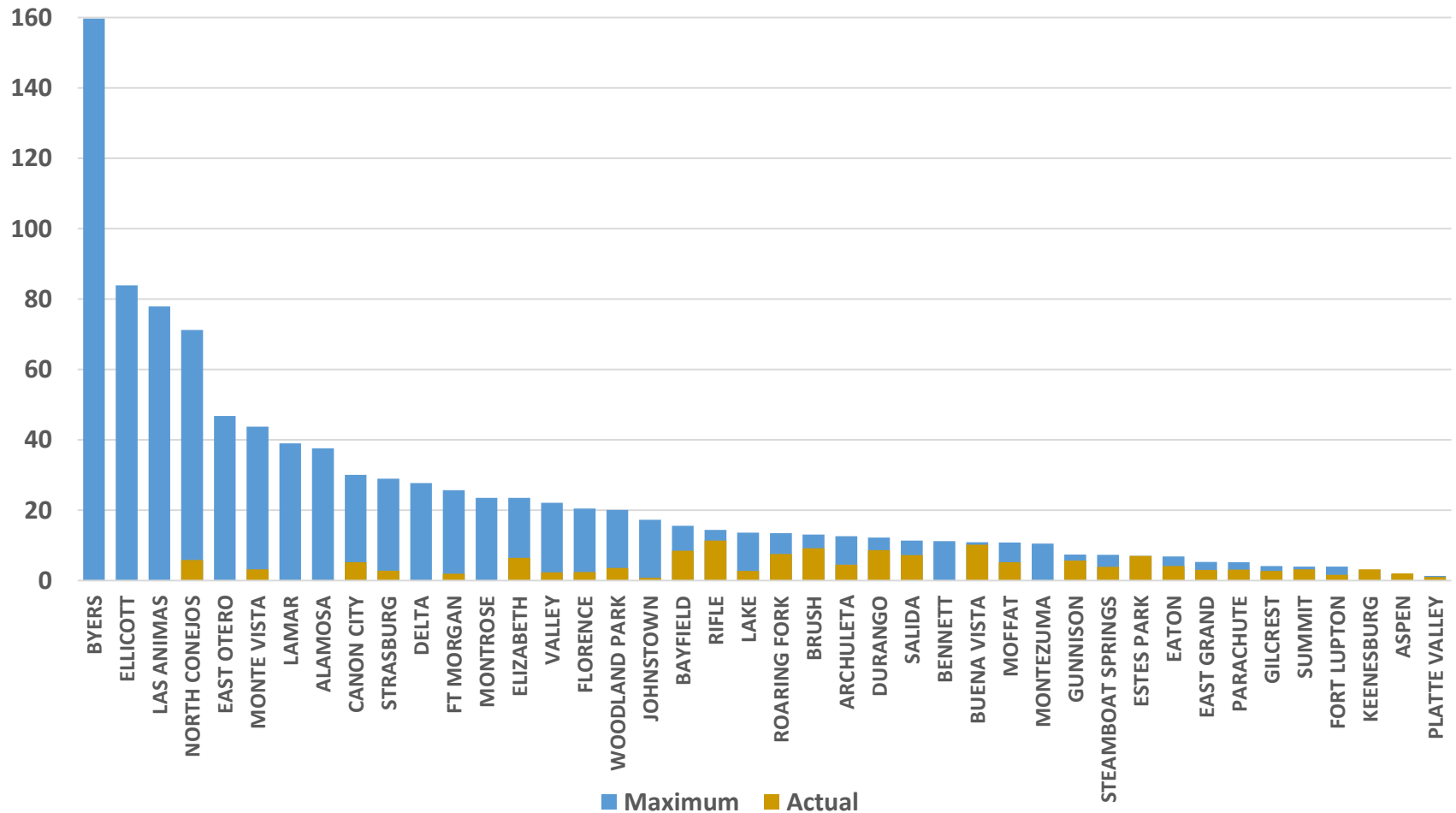
# Maximum & Actual Override Mills

Urban Districts, FY 2020-21



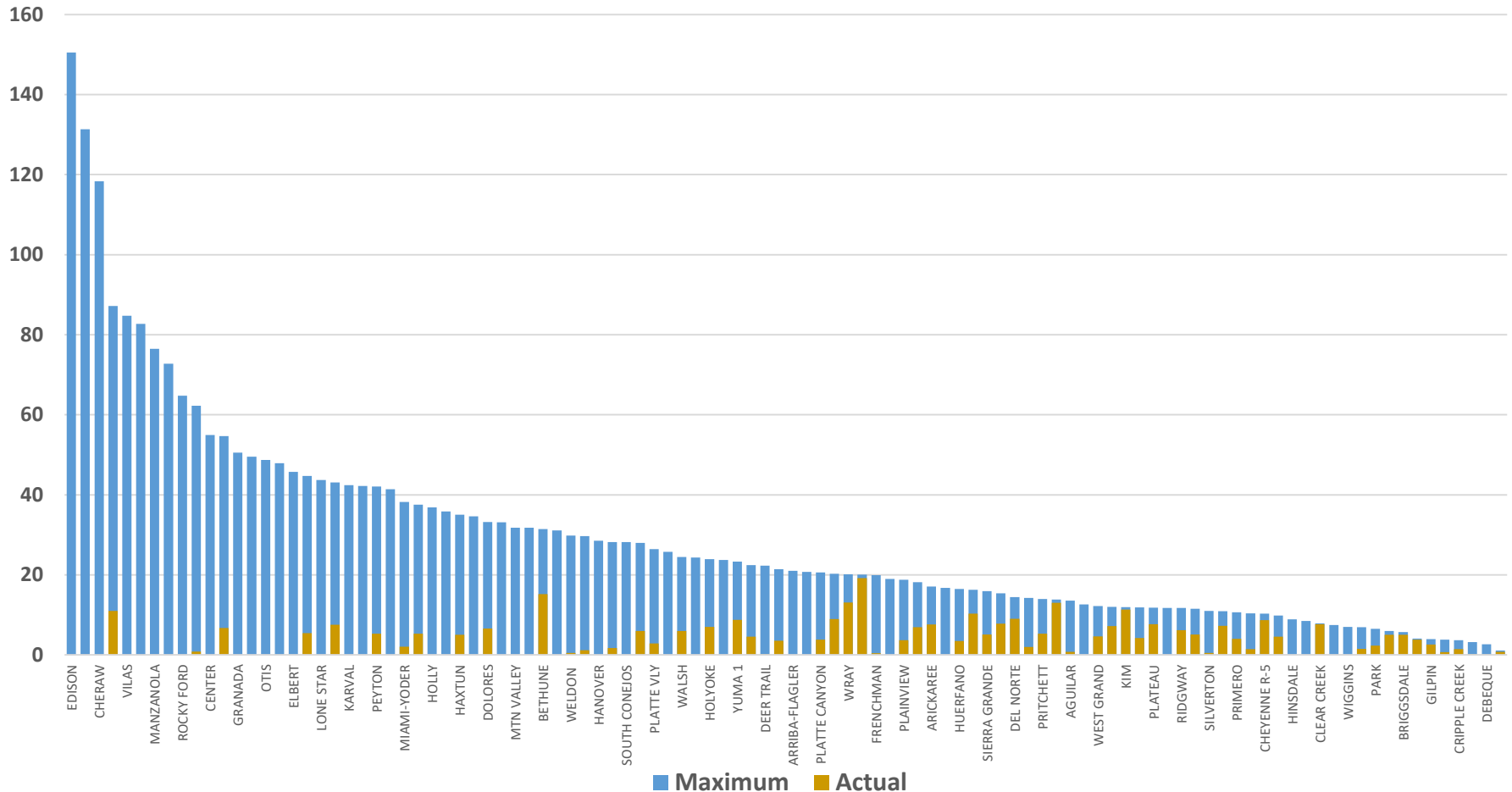
# Maximum & Actual Override Mills

Rural Districts, FY 2020-21



# Maximum & Actual Override Mills

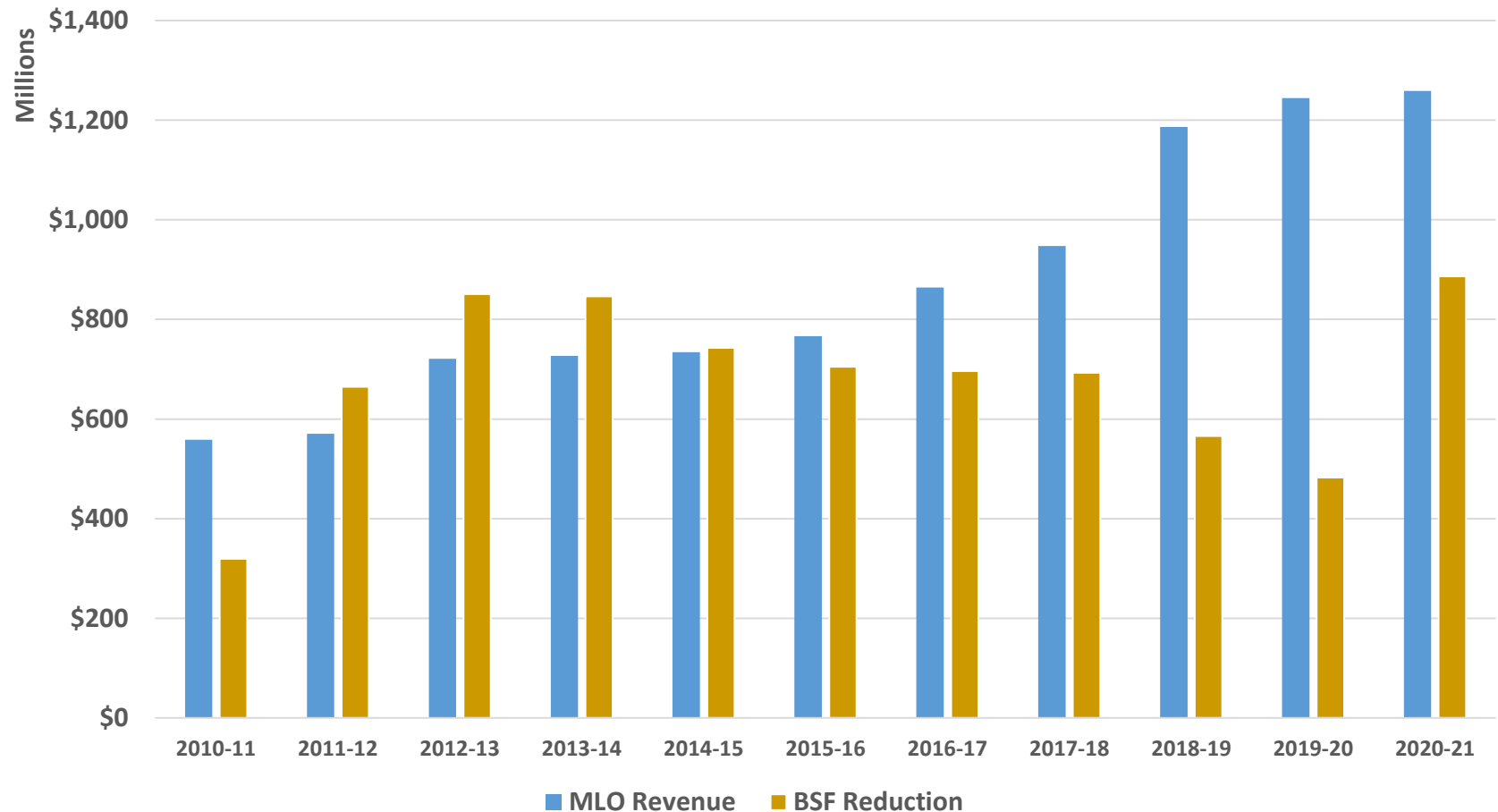
Small Rural Districts, FY 2020-21





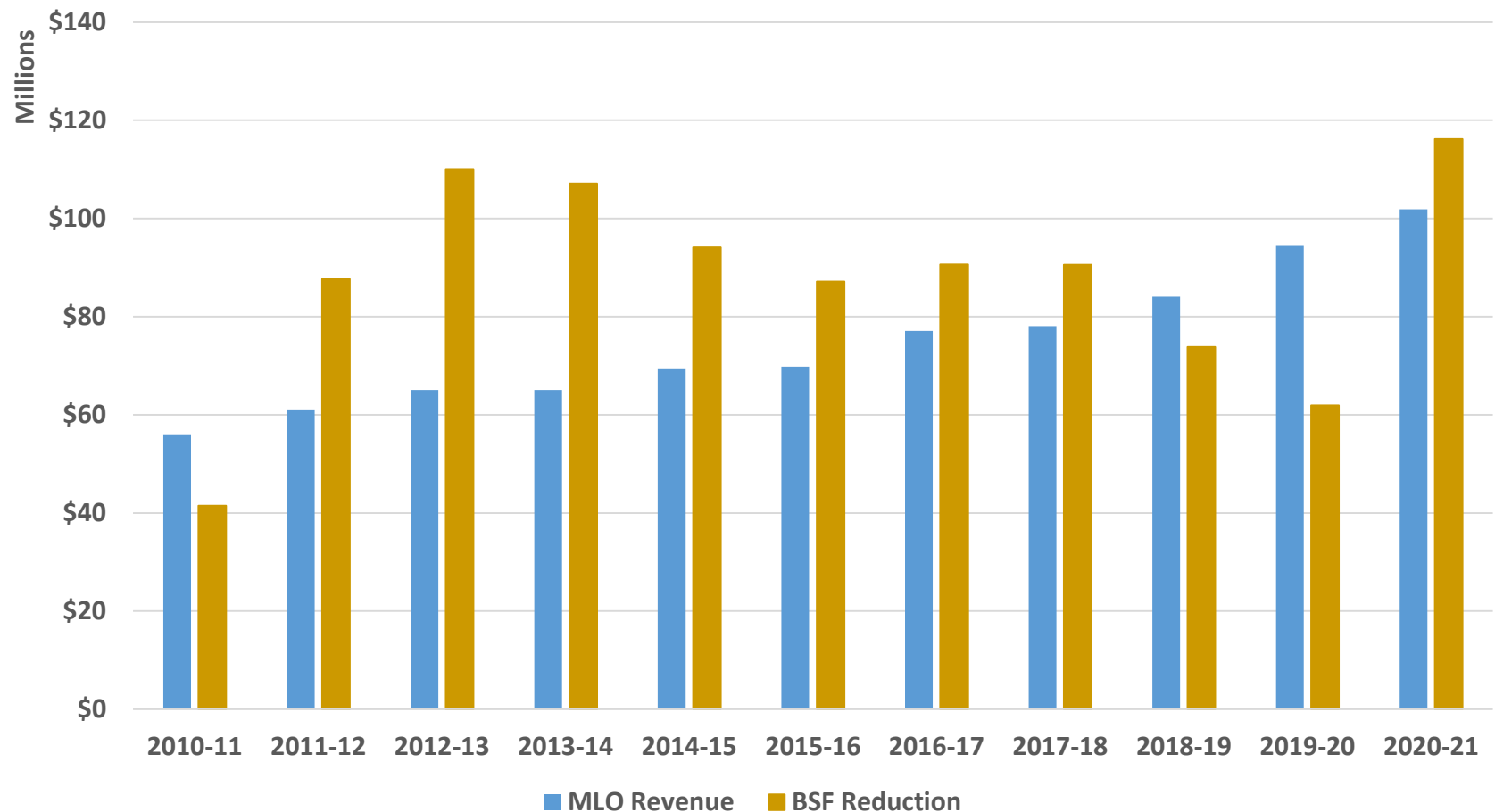
# Override Revenue and BSF Factor Reduction

## Urban Districts, FY 2010-11 to FY 2020-21



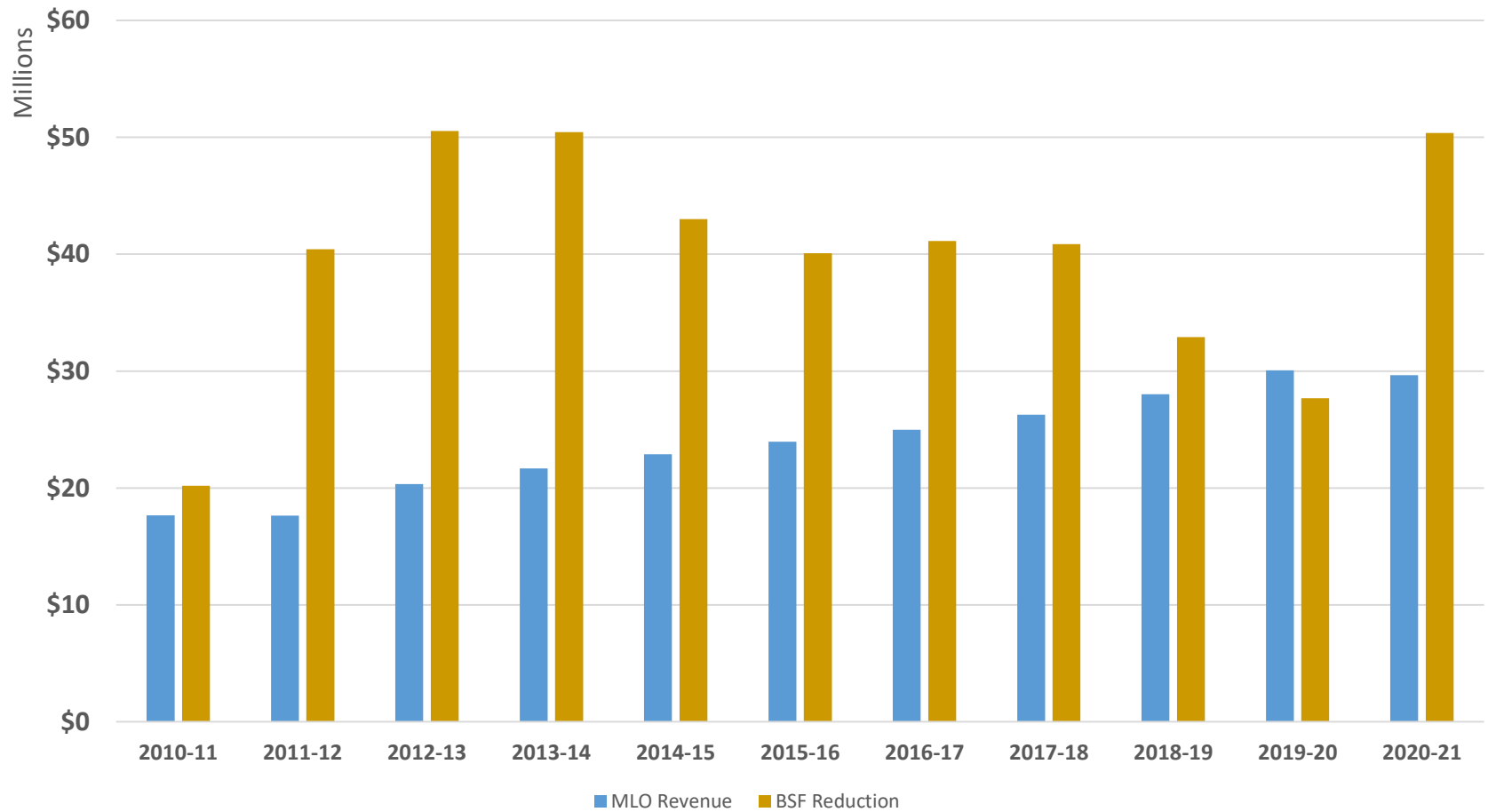
# Override Revenue and BS Factor Reduction

Rural Districts, FY 2010-11 to FY 2020-21



# Override Revenue and BS Factor Reduction

Small Rural Districts, FY 2010-11 to FY 2020-21



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